GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2658
ANSWERED ON:21.03.2005
DECLINES OF PRIVATE INVESTMENT IN AGRICULTURE
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the private sector investment in agriculture sector has been declining over the years;

(b) if so, the reasons therefor;

(c) whether the agriculture sector has proposed a separate lending rate on the pattern of the prime lending rate available for other categories; and

(d) if so, the details thereof and the steps taken by the Government to boost the agriculture sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a) The Private Sector investment in agriculture including allied sectors measured in terms of gross capital formation has shown an upward trend, as may be seen from the Annexure.

(b) Does not arise.

(c) & (d) During 2003-04, it was proposed to have a separate agricultural lending rate on the pattern of prime lending rate. During 2003-04, the then Union Finance Minister, in a joint press conference with the then Union Agriculture Minister, had announced on July 16, 2003, a reduction in the lending rate for agriculture with a view to extending the full benefit of declining interest rates to agriculture sector, particularly to the small and marginal farmers. Consequently, the Indian Banks` Association advised all public sector banks to reduce their lending rate to a single digit rate of not more than 9% per annum on crop loans up to a ceiling of Rs.50,000/-.

With a view to increasing agricultural production, the Government have identified thrust areas for focused and priority attention, which include agricultural credit, irrigation, horticulture, and marketing reforms. The Union Budget for 2005-06 has underscored the importance of efforts aimed at turning the focus of commercial banks, regional rural banks and cooperative banks towards providing credit, especially production credit to farm households. The other areas highlighted in the Budget include micro irrigation technology comprising drip and sprinkler irrigation, National Horticulture Mission with focus on backward and forward linkages, and development /strengthening of agricultural marketing infrastructure, grading and standardization.